03-183 Introduce: 11-24-03

Change of Zone No. 3399

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ORDINANCE NO.	
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AN ORDINANCE amending Ordinance No. 18113 relating to impact fees by amending Section 6 adding a new section 27.82.060 (Exemption from Impact Fees) to the Lincoln Municipal Code by amending Section 27.82.060 to clarify that valid building permit applications submitted prior to June 2, 2003 are exempt from impact fees, to provide when a building permit application shall be deemed complete, to clarify that amendments, modifications or other changes to an approved development which is categorically exempt will be subject to the imposition of impact fees in accordance with the provisions of Section 27.82.050, to delete Table 27.82.060(b), to delete references to approvals qualifying for category exemptions, to clarify when a claim of exemption for Low Income Owner-Occupied Housing and Low Income Rental Housing must be made, and when said claims become valid; by amending Section 7 adding a new section numbered 27.82.070 (Impact Fee Funds) to the Lincoln Municipal Code amending Section 27.82.070 to clarify that no more than 2% of the impact fees collected may be used to compensate the City for administrative expenses including refunds; by amending Section 8 adding a new section numbered 27.82.080 (Refunds of Impact Fees Paid) to the Lincoln Municipal Code by amending Section 27.82.080 to provide for a refund of impact fees previously paid when the development subsequently qualifies for an Owner-Occupied Low Income Housing Exemption; by amending Section 11 adding a new section numbered 27.82.110 (Miscellaneous Provisions) to the Lincoln Municipal Code by amending Section 27.82.110 to eliminate reference to administrative costs, to modify provisions regarding reducing impact fees to allow a subsidy based upon meeting established economic criteria, to modify provisions regarding adjustments for inflation, and to reletter the various subsections; by amending Section 16 adopting and incorporating the Downtown/Antelope Valley Exclusion Area Map, the Water Distribution Impact Fee Benefit Areas Map, the Arterial Street Impact Fee Benefit Areas Map, and the Neighborhood Park and Trail Impact Fee Benefit Areas Map into Ordinance No. 18113 to provide that those maps be codified in the Lincoln Municipal Code as Appendixes 1 through 4 to Chapter 27.82; by amending Section 17 adopting and incorporating the Impact Fee Study prepared by Duncan Associates into Ordinance No. 18113 by amending Table 4, Arterial Street Cost Per Mile, to exclude sidewalks, water and wastewater line adjustments and to reduce the number of units for full intersection traffic signals from 3.5 to 1.5 units per mile in determining the total cost per mile for a four-lane arterial and by deleting the second paragraph of text on page 12 of the Study and to provide that one copy of the Impact Fee Study be filed in the office of the City Clerk for use and examination by the public; by amending Section 20 to provide that Ordinance No. 18113 shall be in full force and effect as of June 2, 2003 after its passage and posting on the official bulletin board of the City in lieu of newspaper publication, and repealing Sections 6, 7, 8, 11, 16, 17, and 20 of Ordinance No. 18113 and Sections 27.82.060, 27.82.070, 27.82.080, and 27.82.110 of the Lincoln Municipal Code as hitherto existing.

BE IT ORDAINED by the City Council of the City of Lincoln, Nebraska:

Section 1. That Ordinance No. 18113, which is attached hereto marked as Exhibit A and incorporated herein by reference as if set out in full, be amended by amending Sections 6, 7, 8, 11, 16, 17 and 20 of Ordinance No. 18113 to read as follows:

A. "Section 6. That Title 27 of the Lincoln Municipal Code be amended by adding a new section numbered 27.82.060 to read as follows:

27.82.060 Exemptions From Impact Fees.

- (a) Exemptions From All Impact Fees. The following types of development shall be exempted from payment of all impact fees otherwise due pursuant to this ordinance:
- (1) Replacement of a destroyed or partially destroyed residential building or structure with a new building or structure of the same use, and with the same number of residential units, provided that the rebuilding or replacement occurs no later than fifteen years after the demolition or removal of the previous structure.

(2) Replacement of a destroyed or partially destroyed nonresidential building or structure with a new building or structure of the same gross floor area and use, provided that the rebuilding or replacement occurs no later than fifteen years after the demolition or removal of the previous structure.

- (3) Installation or replacement of a mobile home on a lot or site where all impact fees for such lot or site have previously been paid pursuant to this ordinance or where a mobile home legally existed on such lot or site on or prior to June 2, 2003.
- (4) Room additions, remodeling, rehabilitation or other improvements to an existing structure, provided that there is no increase in the number of dwelling units for residential use or in the amount of gross square footage for nonresidential use.
- application filed with the City prior to June 2, 2003, provided the construction proceeds according to the terms of the building permit. If said building permit application expires, application for a new building permit shall be treated the same as a new development. A building permit application shall not be deemed to be complete until the application, together with all required attachments, information, or other accompanying documents, are filed with the City.
 - (6) Low Income Owner-Occupied Housing.
- (i) An Owner-Occupied unit which is sold to a household whose income is 60% or less of the area median gross income adjusted for a household size shall be entitled to a 100% exemption from all Impact Fees.
- (ii) An Owner-Occupied unit which is sold to a household whose income is more than 60% but is 80% or less of the area median gross income adjusted for a household size shall be entitled to a 50% exemption from all Impact Fees.
- (7) Low Income Rental Housing located outside of a low or moderate income area.

(i) A Tenant-Occupied unit which is restricted to rental to a household whose income is 60% or less of the area medium gross income adjusted for household size shall be entitled to a 100% exemption from all Impact Fees.

- (ii) A Tenant-Occupied unit which is restricted to rental to a household whose income is 80% or less of the area medium gross income adjusted for a household size shall be entitled to a 50% exemption from all Impact Fees.
- (8) Development or construction by any governmental entity for which the governmental entity has the statutory power of eminent domain shall not pay any impact fees since these entities are exempt from local zoning.
- (9) Development or construction by the Housing Authority of the City of Lincoln pursuant to the Nebraska Housing Agency Act.
- (b) Exemptions From Specific Impact Fees. The following types of projects shall be exempted from the following types of impact fees:
- the City and a developer which was entered into prior to June 1, 2002, and which specifically included or required the participation by the developer in the financing or construction of the Impact Fee Facilities for the approved development shall be exempt from the impact fee charged for those specific types of Impact Fee Facilities the developer agreed to finance or construct in whole or in part. Agreements or other approvals qualifying for such exemptions are listed in Table 27.82.060(b) at the end of this chapter. The Impact Fee Administrator shall determine in writing whether or not any other agreement or other approval qualifies for an exemption. The Impact Fee Administrator shall maintain a record of the agreements or other approvals that qualify for category exemptions. A copy of said record shall be filed in the Office of the City Clerk.

Notwithstanding the above, the exemption shall not apply to any amendment, modification, or change to the approved development to allow a change of use,

an increase in meter size, an increase in the amount of gross square footage for nonresidential use, or an increase in the number of dwelling units for residential use that increases the impact on the Impact Fee Facility in question. In such case, the fee shall be based on the net increase in the fee for the new use, meter size, gross square footage for nonresidential use or number of dwelling units for residential use as compared to the previous use, meter size, gross square footage for nonresidential use and number of dwelling units for residential use.

- (2) Where the Bureau of Fire Prevention requires that a water meter be increased in size above that required for the ordinary usage of a building or other facility for the purposes of maintaining fireflow to internal lines, the water and wastewater fees for that building or other facility shall be based on the meter size that would be required without regard to the fireflow requirements.
- (3) Any separate water meter connected only to an irrigation system and not to any building or other facility designed for human occupancy shall not be included in the calculation of the wastewater impact fee.
- (4) Other types of development shall be exempted from payment of specific impact fees otherwise due pursuant to this ordinance if the person applying for a permit for such development or the person seeking to engage in such development for which no permit is required can demonstrate that the proposed land use and development will produce no additional demand for a specific Impact Fee Facility beyond what was generated from such site prior to the proposed development, using an average cost (not marginal cost) methodology. The fact that a proposed development has direct access to, or is located close to, an existing facility of the type covered by an impact fee, shall not by itself be evidence that the proposed development will have no impact on the need for Impact Fee Facilities of the type covered by the impact fee.
- (c) Request for Exemption Required. If a permit is required for the proposed development, any such claim for exemption must be made no later than the date of the

- application for the permit for the proposed development except that a claim of exemption for Low-Income Owner-Occupied Housing or Low Income Rental Housing must be made no later than 30 60 days following the date the housing is first occupied. If the issuance of a permit is not required for the development, then any such claim for exemption must be made no later than the occurrence of any one of the following events, whichever occurs first:
- (1) Completion of any connection to the City's water and wastewater systems; or
- (2) The date when any part of the development opens for business or goes into use.

Any claim for exemption not made at or before that time provided above shall be deemed waived.

- (d) Determination of Validity. The Impact Fee Administrator shall determine the validity of any claim for exemption pursuant to the criteria set forth in this ordinance. An exemption for Low-Income Owner-Occupied Housing or Low Income Rental Housing shall not become valid until after the City receives verification that such housing is occupied by an eligible household.
- (e) Funding of Exemptions. The proportionate share of any Impact Fee Facility or Impact Fee Facility Improvement cost directly related to the exemptions granted pursuant to Subsection (a)(6), (7), and (8) above shall be funded from a revenue source other than impact fees."
- B. "Section 7. That Title 27 of the Lincoln Municipal Code be amended by adding a new section numbered 27.82.070 to read as follows:

27.82.070 Impact Fee Funds.

(a) Creation of Benefit Districts. Impact fees shall be spent only within the benefit district in which they were collected, except that (1) water system impact fees, water

distribution impact fees, and wastewater impact fees may be spent for water system impact fee facility improvements, water distribution impact fee facility improvements, and wastewater impact fee facility improvements, respectively, outside the corporate limits of the City which benefit the district in which they were collected; and (2) any arterial street used as a boundary between two arterial street benefit districts shall be considered as included within both benefit districts and may be improved with fees collected in either benefit district. The following benefit districts are hereby created:

- (1) Water System Impact Fee Benefit District shall be the area served by the Lincoln water system;
- (2) Water Distribution Benefit District Nos. 1 through 7, inclusive, shall be the respective incorporated areas of the City established and shown on the Water Distribution Impact Fee Benefit Areas Map as Water Distribution Benefit Area Nos. 1 through 7, inclusive.
- (3) Wastewater Impact Fee Benefit District shall be the area served by the Lincoln Wastewater System;
- (4) Arterial Street Impact Fee Benefit District Nos. 1 through 7, inclusive, shall be the respective incorporated areas of the City established and shown on the Arterial Street Impact Fee Benefit Areas Map as Arterial Street Benefit Area Nos. 1 through 7, inclusive, except for that portion of the Downtown/Antelope Valley Exclusion Area located within any of areas.
- (5) Neighborhood Park and Trail Impact Fee Benefit District Nos. 1 through 7, inclusive, shall be the respective incorporated areas of the City established and shown on the Neighborhood Park and Trail Impact Fee Benefit Areas Map as Neighborhood Park and Trail Benefit Area Nos. 1 through 7, inclusive, except for that portion of the Neighborhood Park and Trail Impact Fee Exclusion Area located within said areas.

(b) Creation of Impact Fee Fund. An Impact Fee Fund is hereby created and shall include a separate impact fee account for each impact fee benefit district as an interest bearing account distinct from the General Fund of the City:

- (c) Monies in an Impact Fee Account. Each impact fee account shall contain only those impact fees collected pursuant to this ordinance for the types of Impact Fee Facilities reflected in the title of the account plus any interest which may accrue from time to time on such amounts.
- (e)(d) Use of Monies in an Impact Fee Account. The monies in each impact fee account shall be used only:
- (1) To acquire or construct Impact Fee Facilities or Impact Fee Facility Improvements of the type reflected in the title of the account and in the location specified in Section 27.82.070(a); or
- (2) As described in Section 27.82.080 (Refunds) or as described in Section 27.82.090 (Post-Ordinance Agreements), or as described in Section 27.82.100 (Pre-Ordinance Reimbursements), or
- (3) To retire bonds, or other obligations of indebtedness issued to fund the construction of Impact Fee Facility Improvements.
 - (4) To pay consultant fees to update the impact fees.
- (5) To pay the expenses of collecting the fee and administering this ordinance, except that no more than two percent (2%) of the impact fees collected may be used to compensate the City for such expenses. In the case of refunds of impact fees under Section 27.82.080, or reimbursements under Sections 27.82.090 and 27.82.100, the City shall be entitled to retain up to two percent (2%) of the impact fee payments made by the applicant or the reimbursement due the applicant as payment for the expenses of processing the refund or reimbursement request."

C. "Section 8. That Title 27 of the Lincoln Municipal Code be amended by adding a new section numbered 27.82.080 to read as follows:

27.82.080 Refunds of Impact Fees Paid.

- spent or encumbered within eight years after the date on which such fee was paid shall, upon application to the Impact Fee Administrator by the fee payor, be returned to such person with interest since the date of payment at the rate earned by the City on the fees. Fees shall be deemed to be spent on the basis that the first fee collected shall be the first fee spent. Within six months of the end of the eight-year period from the date on which the unspent impact fee was paid, the Impact Fee Administrator shall notify the fee payor of eligibility for a refund at the address listed with the Impact Fee Administrator. In order to receive such refund, the fee payor shall be required to submit an application for such refund within twelve months after the expiration of such eight-year period. Any monies in an impact fee account for which no application for a refund has been timely made shall be retained by the City and expended on the type of Impact Fee Facilities reflected in the title of the account without further limitation as to time of expenditure.
- (b) Expiration of Permit. If a person has paid an impact fee required by this ordinance and has obtained a building permit or any other permit for a development or extensions thereto, and the permit or extension for which the fee was paid later expires without the possibility of further extension, and the development activity for which the impact fee was imposed did not occur and no impact has resulted, then such fee payor shall be entitled to a refund of the fee paid, with interest. In order to be eligible to receive such refund, such fee payor shall be required to submit an application for such refund within six months after the expiration of the permit or extension for which the fee was paid.
- (c) Approval of Owner Occupied Low Income Housing Exemption. If, after an impact fee has been paid pursuant to this ordinance for a development which subsequently

qualifies for an Owner Occupied Low Income Housing Exemption pursuant to Section 27.82.060(a)(6), then such fee payor shall be entitled to a reimbursement of the fee paid, without interest. In order to be eligible to receive such reimbursement, such fee payor shall be required to submit an application for such exemption and reimbursement no later than 60 days following the date such housing is first occupied.

(c)(d) No Refund for Altered Development. After an impact fee has been paid pursuant to this ordinance, no refund of any part of such fee shall be made if the development for which the fee was paid is later demolished, destroyed, or is altered, reconstructed, or reconfigured so as to reduce the size of the development, the number of units in the development, or the amount of traffic generated by the development.

(d)(e) Notice to Fee Payor. At the time of payment of any impact fee under this ordinance, the Impact Fee Administrator shall provide the person paying such fee with written notice of those circumstances under which refunds of such fees will be made. Failure to deliver such written notice shall not invalidate any collection of any impact fee under this ordinance."

D. "Section 11. That Title 27 of the Lincoln Municipal Code be amended by adding a new section numbered 27.82.110 to read as follows:

27.82.110 Miscellaneous Provisions.

- (a) Interest. Interest earned on monies in any impact fee account shall be considered part of such account, and shall be subject to the same restrictions on use applicable to the impact fees deposited in such account.
- (b) First-In/First-Out Accounting. Monies in each impact fee account shall be considered to be spent in the order collected, on a first-in/first-out basis.
- (c) No Operation or Maintenance. No monies from any impact fee account shall be spent for periodic or routine operation or maintenance of any facility of any type.

(d) No Restriction on Development Conditions. Nothing in this ordinance shall restrict the City from requiring a person to construct reasonable project improvements required to serve such person's project, whether or not such improvements are of a type for which reimbursements are available under Section 27.82.090.

- (e) Records. The Impact Fee Administrator shall maintain accurate records of the impact fees paid, including the name and address of the person paying such fees, the project for which the fees were paid, the date of payment of each fee, the amounts received in payment for each fee, and any other matters that the Impact Fee Administrator deems appropriate or necessary to the accurate accounting of such fees, and such records shall be available for review by the public during City business hours.
- (f) Assignment of Impact Fee Account Monies. The approved Capital Improvement Program which includes any Impact Fee Facilities scheduled for construction shall assign monies to fund in whole or in part such Impact Fee Facilities from the Impact Fee Fund Account of the type for which the fees in that account were paid. Any monies, including any accrued interest, not assigned to specific projects within such capital improvements program and not expended pursuant to Section 27.82.080 (Refunds) or 27.82.090 (Reimbursements) shall be retained in the same impact fee account until the next fiscal year.
- of not more than two percent of each impact fee collected as payment for the expenses of collecting the fee and administering this ordinance. In the case of refunds of impact fees under Section 27.82.080, or reimbursements under Sections 27.82.090 and 27.82.100, the City shall be entitled to retain not more than two percent of the impact fee payment made by the applicant or the reimbursement due to the applicant as payment for the expenses of processing the refund or reimbursement request.
- (h)(g) Mistake or Misrepresentation. If an impact fee has been calculated and paid based on a mistake or misrepresentation, it shall be recalculated. Any amounts overpaid by

a person shall be refunded by the City to such person within thirty days after the City's acceptance of the recalculated amount, with interest since the date of such overpayment at the rate earned by the City on the funds. Any amounts underpaid by such person shall be paid to the City within thirty days after the Impact Fee Administrator's acceptance of the recalculated amount, with interest since the date of such underpayment at the rate then earned by the City on its impact fee funds. In the case of an underpayment to the City, the City may refuse to issue any additional permits or approvals for the project for which the impact fee was previously underpaid until such underpayment is corrected, and if amounts owed to the City are not paid within such thirty-day period, the City may also repeal any permits issued in reliance on the previous payment of such impact fee and refund such fee to the then current owner of the land.

Development. In order to promote the economic development of the City, or the public health, safety, and general welfare of its residents, the City Council by an affirmative vote of at least five of its members may agree to pay the City shall reimburse a developer for some or all of the arterial street impact fees imposed on a proposed development or redevelopment from other funds of the City that are not restricted to other uses. Any such decision to pay No such reimbursement of arterial street impact fees on behalf of a proposed development shall be at the discretion of the City Council and shall be made pursuant to goals and objectives adopted by the City Council to promote such development shall be made except in conformance with specific economic development criteria and qualifications adopted by resolution of the City Council which, if met, entitle a development.

(j)(i) Appeals. Any determination made by any official of the City charged with the administration of any part of this ordinance may be appealed by the aggrieved party to the City Council by filing (1) a written Notice of Appeal on a form provided by the City, and (2) a

written explanation of why the appellant feels that a determination was in error. Appeals must be filed with the City Clerk within ten days after the determination for which the appeal is being filed. At the regular meeting following the filing of the appeal, the City Council shall fix a time and place for hearing the appeal, and the City Clerk shall mail notice of the hearing to the appellant at the address given in the Notice of Appeal. The hearing shall be conducted at the time and place stated in such notice given by the City Council. In an appeal of an impact fee, the Council shall not waive the fees, although the fees may be reduced pursuant to subsection (†)(h) above or may be reduced upon a finding that the impact fee was incorrectly calculated, or that unusual circumstances of the development demonstrate that application of the fee to the development would be unfair or unjust. The City Council shall make specific and detailed findings of fact with respect to each controverted issue on appeal. The determination of the City Council shall be final.

- (k)(j) Periodic Review. The impact fees and the administrative procedures established by this ordinance shall be reviewed at least once every three fiscal years to ensure that:
 - (1) The demand and cost assumptions underlying such fees are still valid,
- (2) The resulting fees do not exceed the actual cost of constructing Impact Fee Facilities of the type for which the fee was paid and that are required to serve new development,
- (3) The monies collected or to be collected in each impact fee fund have been or are expected to be spent for Impact Fee Facilities of the type for which such fees were paid, and
- (4) That such Impact Fee Facilities will benefit those developments for which the fees were paid.
- (<u>h)(k)</u> Adjustments for Inflation. Beginning on January 1, 2005, and on January 1 of each following year unless and until the impact fee schedules are otherwise revised or replaced by City Council, each fee amount set forth in each schedule shall be adjusted to

reflect the effects of inflation on those costs set forth in the Impact Fee Study by multiplying such amount by a fraction, the numerator of which is the U.S. Consumer Price Index for All Items for the most recent period for which figures are available month of August, and the denominator of which is U.S. Consumer Price Index for All Items for the period one year prior to the period reflected in the numerator. Such adjustments in such fees shall become effective upon approval by resolution of the City Council.

(m)(l) Violations. Violation of this ordinance shall be a misdemeanor and shall be subject to those remedies provided in Section 27.81.070. Knowingly furnishing false information to any official of the City charged with the administration of this ordinance on any matter relating to the administration of this ordinance, including without limitation to knowingly furnishing false information regarding the expected size, use, or traffic impacts from a proposed development, shall be a violation of this ordinance. In addition to or in lieu of any criminal prosecution, the City or any person applying for a permit of the types described in Section 27.82.050(a) or any person seeking to engage in a development for which no permit is requested shall have the right to sue in civil court to enforce the provisions of this ordinance."

- E. "Section 16. That the Downtown/Antelope Valley Exclusion Area Map, the Water Distribution Impact Fee Benefit Areas Map, the Arterial Street Impact Fee Benefit Areas Map, and the Neighborhood Park and Trail Impact Fee Benefit Areas Map, attached hereto marked as Exhibit Nos. 1 through 4, are hereby adopted and incorporated herein by reference, and that Exhibit Nos. 1 through 4 be codified in Chapter 27.82 of the Lincoln Municipal Code as Appendixes 1 through 4, respectively."
- F. "Section 17. The Lincoln Impact Fee Study prepared by Duncan Associates attached hereto and marked as Exhibit No. 5 is hereby adopted and incorporated herein by

reference, except that (1) Table 4, "Arterial Street Cost Per Mile," on Page 12 of the Lincoln Impact Fee Study is hereby amended to exclude sidewalks, water and wastewater line adjustments and to reduce the number of units for "Full Intersection Traffic Signals" from 3.5 to 1.5 units per mile in determining the total cost per mile for a four-lane arterial as shown on Attachment A; (2) the text on Page 12 of the Lincoln Impact Fee Study is hereby amended to delete the following paragraph:

It should be noted that developers are currently required to make some of these improvements, such as installing sidewalks on adjacent arterials. By including these components in the fee, developers will either not be required to make these improvements, or else they will be given credit for the value of such improvements against the arterial street impact fee.

and (3) any other text in said study which may be affected by the above-specified amendments be and they are hereby amended to conform with such specific amendments.

One printed copy of the above Impact Fee Study has been filed in the office of the City Clerk for use and examination by the public."

G. "Section 20. That this ordinance shall be in full force and effect as of June 2, 2003, after its passage and publication according to law. Pursuant to Article VII, Section 7 of the City Charter, this ordinance shall be posted on the official bulletin board of the City in lieu of and in place of newspaper publication with notice of passage and such posting to be given by publication one time in the official newspaper by the City Clerk. This ordinance shall take effect and be in force and effect as of June 2, 2003 from and after its passage and publication as herein and in the City Charter provided."

Section 2. That Sections 6, 7, 8, 11, 16, 17 and 20 of Ordinance No. 18113 and Sections 27.82.060, 27.82.070, 27.82.080, and 27.82.110 of the Lincoln Municipal Code as hitherto existing are hereby repealed and that Ordinance No. 18113 as amended is hereby ratified and confirmed.

1	Section 3. Pursuant to Article VII, Section 7 of the City Charter, this ordinance	
2	shall be posted on the official bulletin board of the City in lieu of and in place of newspaper	
3	publication with notice of passage and such posting to be given by publication one time in	
4	the official newspaper by the City Clerk. This ordinance shall take effect and be in force from	
5	and after its passage and publication as herein and in the City Charter provided.	
	Introduced by:	
	Approved as to Form & Legality:	
	Chief Assistant City Attorney	
	Approved this day of, 2003:	
	Mayor	